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Governmental Foreign Trade Promotion Service in the United States

By CHAUNCEY DEPEW SNOW

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THE PROMOTIVE ATTITUDE

THE United States Government may be lacking in concrete foreign policy in a technical, foreign-office sense, but it has for years followed a definite course of foreign trade promotion. The amendments to the Federal Reserve Act culminating in the Edge Act, the Webb-Pomerene Act, the recent laws on shipping and marine insurance, the support of the activities of the Inter-American High Commission are all tangible, legislative action for foreign trade promotion. There may be a confusing range of congressional committees having a hand in the foreign trade matters, and ample signs of the ignorance of the right hand as to the action of the left, lack of a coördinating policy fitting the fragments into a workmanlike whole, but the spirit of promoting and encouraging foreign (rather, export) trade is indisputably there. Since 1904 we have had a central foreign trade information bureau (the old Bureau of Manufactures, succeeded by the Bureau of Foreign and Domestic Commerce) and Congress has from year to year granted the means for the development and improvement of the foreign trade information service.

THE AGENCIES OF TRADE PROMOTION

The Bureau of Foreign and Domestic Commerce, in the Department of Commerce, is the hub of our service. The State Department, with the expanding consular service, is the chief arm of the Government in this work outside the Commerce Department, and its foreign trade promotion activities are by law hooked up with the

Bureau of Foreign and Domestic Commerce. The Tariff Commission, the Federal Trade Commission, the Federal Reserve Board, the Department of Agriculture, the Post Office Department and the Inter-American High Commission in the Treasury Department all have certain definite functions contributing to facilitate export business. These various government agencies, and others, now have their representatives meet weekly in the State Department in an organization with the wartime name of the Economic Liaison Committee, in which information about work in hand and in prospect is cleared and a certain measure of coördination is made possible. For most practical purposes, however, the United States Government's efforts in foreign trade promotion may be considered as depending on the Department of Commerce (Bureau of Foreign and Domestic Commerce) and the Department of State (Consular Service, Geographic Divisions, and Foreign Trade Adviser's Office). On the joint effectiveness of the Commerce Bureau and the Consular Service and its administration our exporters in the main must rely, so far as government help is concerned.

THE BUREAU OF FOREIGN AND DOMESTIC COMMERCE

The Bureau of Foreign and Domestic Commerce publishes the foreign trade statistics and the reports about conditions and trade opportunities in foreign countries. Exporters want to know the volume and nature of the trade of foreign countries in particular commodities; the kind of goods re-

quired in this or that foreign market; the merchandising methods, customary terms of credit, and shipping and warehouse facilities; the customs tariff rates, the consular invoice requirements, the taxes on commercial travelers; and they want good lists of merchants, manufacturers, brokers and manufacturers' agents. These things they can get from the Bureau of Foreign and Domestic Commerce. The Bureau is a great aggregation of constantly renewing files of facts and figures, kept up by current reading and collation of official reports, official gazettes, directories and trade papers from abroad, as well as by current and special reports from a staff of resident representatives and traveling investigators of the United States Government in all parts of the world.

In the Washington office of the Bureau there is a research staff of statisticians, economists, geographic experts, tariff experts, trade-mark specialists, translators, compilers and editors. The work is organized in part on geographic lines (Latin-American Division, Far Eastern Division, etc.) and in part on economic subject lines (Statistics Division, Tariff Division, etc.). Of course, there is a good deal of administrative work in connection with the extensive field service. All told, the Washington staff, including all classes of employees, numbers about one hundred and fifty. As government offices in Washington go, it is a well-organized, hard-working and generally efficient Bureau. The work is interesting, less routine than most government work, and has attracted and held many men of enthusiasm and high ability, in the face of an unusually low level of salaries, even for government work in Washington. There is testimony from former directors and other officials that have left the Bureau to locate with business concerns, that

in zeal and efficiency the staff of the Bureau of Foreign and Domestic Commerce will compare favorably with the staff in successful American business houses.

Besides its publications—the Daily Commerce Reports, the reports of Special Agents, the Miscellaneous Series of foreign trade reports, the Monthly Summary and the other statistical reports—and heavy use of circulars and other duplicated material in the mails on the basis of well-classified mailing lists of American exporters who have asked for the service, the Bureau distributes the foreign trade information through a chain of branch offices. These are district offices in charge of staff men under civil service, in seven of the principal centers, and “coöperative” offices in chambers of commerce in an increasing number of other industrial and trade centers in the United States. Not only do these offices serve their purpose in the distribution of the information which the Bureau obtains from export declarations and import entries, and from foreign countries, but they also serve the decidedly salutary purpose of keeping the Washington headquarters alive to the thought, needs and tendencies in the cities where the foreign trade is actually being handled.

The foreign service of the Bureau of Foreign and Domestic Commerce itself consists of two main divisions: resident general representatives and traveling specialists and investigators. The commercial attaché is the resident man, the trade commissioner is the traveling investigator. Until 1916 the traveling investigators were known as commercial agents or special agents. The change of designation was made to give a title that would clearly indicate the investigator as a government representative and get away from the use of the word “agent”

with its sometimes misleading legal connotation. The traveling specialist, studying foreign markets for cotton goods, electrical equipment, boots and shoes, agricultural machinery and what not, has been a part of the system for fifteen years or more. The commercial attaché, or resident representative of the Commerce Department, dates back only to 1914.

THE TRADE COMMISSIONER

The field for the traveling investigator is pretty clearly defined and needs no particular comment. The Bureau determines upon a characteristic industry possessing possibilities for export, and with the aid of the interested trade organizations secures a man with adequate technical training, personality, language, and writing and investigating ability and sends him out to South America, or Europe, or the Far East, or somewhere else, to report back for the benefit of all the Americans interested in the things which an American exporter of the particular commodities ought to know about the markets in question. He may be gone one, two or three years, and when he has finished one part of the world and has come back home and told his story, he may be sent out to "cover" another continent. Or, he may go back into business again. The exporters like these technical reports made by experts and the Bureau every year sends out investigators to report on lines not previously covered.

THE COMMERCIAL ATTACHÉ

The commercial attaché's field is not so generally recognized as clearly defined, and yet in half a dozen years the meagre commercial attaché service has so firmly established itself in the good graces of our export community that when Congress, in 1920, suggested eliminating the attachés a storm of

protest arose from all parts of the country. The commercial attaché is attached or accredited to an embassy or legation, as a rule. In Australia, where we have no legation, the attaché is accredited to a consulate. The commercial attaché is sent by the secretary of commerce to devote his full time to purely commercial matters, and primarily to pay attention to legislation, and aspects of commerce affecting the commercial interests of the United States in the particular foreign country as a whole. His "district" is not a city or a group of cities; it is a country, and his business is to keep American business men posted on the broader phases of business in that country. He is accredited to the embassy or legation to give him the prestige of such a connection and likewise to make his services and advice available to the American ambassador or minister in any commercial matter requiring formal representations or other diplomatic action.

The offices of the commercial attaché in London or in Peking are offices of the Bureau of Foreign and Domestic Commerce, instantly available for an urgent telegraphic inquiry, staffed by one or more men carefully selected for previous training in connection with American business. These offices are available as headquarters for the traveling trade commissioners and are of undoubted help to those investigators in making their contacts. We have about a dozen regular commercial attachés and in addition about an equal number of so-called resident trade commissioners, practically equivalent in duties, stationed at less important posts, and not called commercial attachés principally because they are paid out of appropriations other than that designated for commercial attachés.

THE CONSULAR SERVICE

In comparison with the services of other nations we have a good consular service. We have hundreds of consulates, mostly headed by full-time consuls of career, chosen as a result of strict examinations, covering practically every foreign commercial center of any real importance. As a rule, the consul must start at the bottom of the ladder and work up—the service idea, like in the army or navy, is there. The compensation is not great: the average for officers of career now is only \$3,400 per annum. There is no retirement provision. Allowances for entertainment and travel and cost of living are not up to the requirements of the position. To keep up a high standard in our consular service, it must offer a more attractive career, financially, and in promotions and post assignments. The consul is the local representative of the United States Government in a prescribed district. Notarial duties are likely to draw heavily on his time. His set functions of a routine character are numerous. He is selected, naturally, with this multifarious task in mind. It may well be that the man chosen for a consular place will have had not the slightest business experience, and it may also well be that such a man will have a successful consular career. He has a number of routine tasks that bear on business—putting his seal on consular invoices, ships' papers, passports, etc. He is expected to observe and report on all phases of business in his district which are pertinent to American foreign trade. Some consuls do this latter work in a perfunctory manner, and others do it brilliantly well. It depends in considerable part on the turn of mind of the consul, and in part on the amount of time available when other, more routine tasks are dispatched.

The consul is a wonderful power for good in our foreign trade, especially if he stays long at one post. He can get to know all the ins and outs of the business in his district and his reports, trade opportunities, and trade lists may be of much direct value to our exporters. The right kind of consul with an appreciation of the chances for trade promotion is often personally a big factor in the sale of American products. He can be of the greatest assistance to American salesmen and to resident Americans if he makes the right impression and the right sort of contacts with local business men and officials of the district where he is stationed. He should return to the States more frequently and be given better facilities, when in the States, for meeting exporters and importers.

CONSULAR ECONOMISTS

To improve our governmental trade promotion work we can well afford to strengthen these local headquarters in the consulates. Every advocate of governmental foreign trade promotion should be pleased at the appointment of economic specialists in the consulates, to give their full time to the consular trade promotion work. The first of these consular economists have been sent out in 1920 and the results of their work remain to be seen: the field for a specialist on trade matters in every important consulate is clear. In every consulate in a commercial district of importance there are enough purely local trade matters of interest to American exporters to justify the full time of a competent observer.

THE DIPLOMATIC SERVICE

The diplomatic service has more and more economic problems to handle, and is possessed of great possibilities in trade promotion, particularly in shaping a course of friendly commercial

relations between the United States and foreign countries and in negotiating liberal commercial treaties. It is a shamefully neglected branch of our foreign service; the average salary of the career officials in the service is less than \$1,900 per annum, and at present it is necessarily restricted to men of independent means. There are many good men in it, but not enough. Some officials have wanted to keep up the glamour of its mysterious "political" work and to keep the service exclusive. As a matter of fact, the work of a diplomatic secretary is most often of as workaday character as that of a Civil Service worker in Washington, and there is little reason why the service should not be made into an adequately paid force staffed entirely with capable men picked for their fitness for close, careful work, with less emphasis on their social qualifications. Our most successful first secretaries and counsellors today are a very high type of officials; remarkable for a capacity for constant, hard work. The Rogers Bill for consolidating the consular and diplomatic services looks like a step in the right direction. The present social gap between the services is absurd.

The diplomatic service would be greatly improved by having the large consular force to draw on for capable secretaries and counsellors. So far as trade information goes, the diplomatic service is not at present a material factor in our equipment. Its work remains largely political, even if on a more or less economic background; it waits on Washington to a considerable extent. Our lack of settled, general foreign trade policy curtails the possibilities for diplomatic work on commercial treaties and for creating a friendly international commercial atmosphere that might loom large in the work of governmental trade promotion.

STATE DEPARTMENT ADMINISTRATION

In Washington the administration of the consular and diplomatic service and the shaping of their trade promotion work are obviously most important. By law, the Commerce Department is given a lien on the commercial reports received at the State Department, and the Commerce Department is privileged to call on the consular service, through the State Department, for special consular reports. Many solid series of reports have originated in this manner. The Commerce Department publishes the consular reports. The administration of the consular service, however, like the selection and assignment of consuls, is entirely in the hands of the State Department. The building up of our consular service has been in large part the work of one man, Mr. Wilbur J. Carr, the present director of the service, who deserves nothing but praise for his successful efforts while occupying a position of great responsibility in the Department, with constant demands on his personal time for miscellaneous duties, and with inadequate assistance. The defects in the service can not be removed until adequate administrative machinery for it in Washington is provided.

The other most important State Department element in the work of foreign trade promotion is that of the Foreign Trade Adviser. The Department, of course, requires a skilled foreign trade adviser with competent assistants, to see to it that instructions to consuls and diplomats on commercial matters are aptly drawn and the action of the Department generally based on proper advice. The office of the Foreign Trade Adviser has been developed to its highest point during 1920, and the Department of State is stronger on trade matters at the present time than it has ever been before.

STATE DEPARTMENT *versus* COMMERCE
DEPARTMENT

Relations of the Commerce Department and the State Department are, unfortunately, none too cordial. The State Department is properly imbued with its responsibility for foreign relations and bristles against encroachments. In years past officials in that Department have, to use the Washington expression, viewed with alarm, the development of the Bureau of Foreign and Domestic Commerce. Why should that Bureau publish the consular reports? Why in the world should it possess its own commercial attachés? The commercial attachés are an especially sensitive point. In congressional hearings, State Department officials have stated that the commercial attachés are unnecessary, simply duplicating the work of consuls. The bogey is held up that these commercial attachés, not being within the State Department, may upset the apple cart on some delicate matter of foreign policy, and are therefore a menace to the conduct of foreign relations. Still another point made against the commercial attachés is that they get all the glory and have taken the heart out of the consuls, who see these higher-paid commercial men coming into the field, getting more and more credit for their accomplishments and more and more space in daily Commerce Reports, making more frequent trips to the States, while the effective work of the consuls is overlooked. Therefore, the argument goes, the commercial attachés should be eliminated; or at least be a part of either the consular service or the diplomatic service proper, on the State Department payroll, subject to State Department administration, and opening up to the competent consuls or diplomatic secretaries.

The Commerce Department argument on the point has run somewhat

as follows: It is hopeless for the Commerce Department to handle the major work of a central trade information bureau without having its own resident men abroad, schooled to cover the developments of national significance in foreign legislation, commercial policies and trade currents, and instantly available on telegraphic instructions; the Commerce Department tried to get service of this kind from the consuls, through the State Department for years up to 1914, but the results were unsatisfactory; the delay in the transmission of instructions and results through the State Department is serious; the work calls for a trained commercial man giving his full time to the work of trade promotion and can not await the attention of officials picked for less specifically commercial duties and burdened with a multitude of other things; the upsetting of the diplomatic apple cart has not occurred in six years and is not likely to occur, since the intelligent commercial attaché can sense the points of nicety in any commercial situation having diplomatic aspects without having grown up in the diplomatic service, and moreover the head of the diplomatic mission always has control over the commercial attaché housed in the diplomatic establishment; military and naval attachés are army or navy men—why should the commercial attaché not be a Commerce man? The duplication charge can not be sustained—the consul who can properly cover the local matters of his district does not, even with a big staff, have the time, freedom of movement or other facilities for observing and covering the national matters; many ambassadors and ministers have praised the work of the commercial attachés and others have asked to have commercial attachés assigned to them; their acknowledged success

under Commerce Department selection and instructions is no indication that the work could be as successfully conducted under the State Department. And so on.

THE COMMERCE DEPARTMENT CASE

The Commerce Department solution would include an expansion of the commercial attaché service to have an attaché of the Department of Commerce at each important capital, and to have the consular activities in trade promotion limited to matters pertaining to the consular district. Strengthen the consulates by economic specialists, but do not expect the consulates to cover the national questions now being handled by the commercial attachés. The Department of Commerce also has something in the State Department to "view with alarm." It is the office of the Foreign Trade Adviser. On several occasions in the past the corresponding office in the State Department showed a tendency to go as itself the center of trade information direct to the American business man. From a Commerce Department viewpoint and from an outside viewpoint, such a development looks pretty clearly like unwarranted duplication. The trade adviser in the State Department has a function, but clearly that function is not, so long as the Bureau of Foreign and Domestic Commerce still works, the supplying of trade information to the American public. It works the other way, within the Department, and should be developed only to the extent that State Department administrative requirements justify.

A SEPARATE DEPARTMENT OF FOREIGN COMMERCE

In summary, the outstanding needs of our governmental foreign trade promotion work are: more adequate pro-

vision for experts, for editors and general staff in the Bureau of Foreign and Domestic Commerce; more adequate administrative machinery within the State Department; a clearer delimitation of the work of consuls and commercial attachés; a clearer delimitation of the work of the office of the Foreign Trade Adviser in the Department of State; better coördination of the State Department and Commerce Department work in this field; a stronger, better paid and more business-like diplomatic service; a better paid consular service. There is the outstanding need of a concerted foreign policy on trade matters at least, and there are numerous minor adjustments and administrative betterments that could be made to advantage.

The foregoing comment on the points of disagreement between the two departments has been given in its blindest form. There is no sharp clashing of efforts between the Commerce and State Departments; in the main, they work harmoniously, and possibly the very existence of a certain rivalry between the two departments has been beneficial in spurring each to its best efforts. Talk of "divided control" of foreign service exists and an effort has been made in this paper to point it out frankly in its most extreme issues.

In England, they have had the same question to consider and the conflict of interests between the British Foreign Office and the Board of Trade was deemed serious enough to require legislative action. That action has set up a separate Department of Overseas Trade, poised midway between the Foreign Office and the Board of Trade, controlling and centralizing all the foreign trade work of the British Government. The policies and administration of the Overseas are in the hands partly

of the Foreign Office, partly of the Board of Trade and partly of the Overseas itself.

Many interested American businessmen and officials believe that a separate Bureau or Department of Foreign Commerce, consolidating the present Bureau of Foreign and Domestic Commerce and its commercial attachés and trade commissioners with the foreign trade work now being performed in the State Department, with

joint control by the head of the separate Bureau or Department and the Commerce Department and the State Department, offers the biggest chance for improvement and coördination of our own governmental foreign trade work. Mr. Harding, in a speech at Louisville, has indicated that he is considering this subject. It will undoubtedly come up for a hearing in this country, and probably in the not distant future.

The Foreign Trade Work of the Chamber of Commerce of the United States

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AS foreign trade matters have assumed more importance in the course of business in individual business concerns in the United States, they have naturally occupied to a growing extent the attention of the chambers of commerce and national and sectional industrial and trade associations. This development has been reflected in the activities of the Chamber of Commerce of the United States, which is a national headquarters for the chambers of commerce and most of the trade associations, as well as having an individual and associate membership itself, consisting of thousands of business men and business houses. From the time of its organization, in 1912, the National Chamber has continuously dealt with important questions in the growth and promotion of the foreign trade of the United States. This was contemplated in its organization purposes and has been noticeable from the outset in the resolutions and discussions in annual and special conventions and in the referenda by which the Chamber endeavors to reflect the concentration of business opinion on vital

national questions in the United States. The opening of a Foreign Commerce Department in the National Chamber in 1920 did not mark the taking up of a new activity but simply the recognition of foreign trade as one of the outstanding sides of American business presenting national problems. Adequate machinery was set up within the Chamber to assure proper attention to foreign trade matters arising in the regular course of the organization's work.

In the membership of the Chamber of Commerce of the United States are found such organizations as the American Manufacturers' Export Association, the Philadelphia Commercial Museum, the National Association of Manufacturers, the American Exporters' and Importers' Association, the Export and Import Board of Trade of Baltimore, and the Foreign Trade Club of San Francisco, all of which are either exclusively or to a very large extent concerned with the work of foreign-trade promotion. The membership also includes such chambers of commerce and similar organizations as the